Presentation Of Findings From The 1999 Wave Of ETA Taxpayer & Preparer *e-file* Satisfaction Research

Task 40

OMB # 1545-1432

<u>Prepared For</u>:

The Electronic Tax Administration
Of The Internal Revenue Service

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Background & Objectives

- The IRS has set **a long-term objective of 80% usage** of electronic filing products **by the year 2007**.

- To track progress in meeting this goal, **the ETA commissioned an annual quantitative customer satisfaction research study** among two targets:

  - **Taxpayers** -- Taxpayers in general and Taxpayers who use ETA products.

  - **Tax Preparers** in the Applicants Database -- *e-file* Users and Non-Users.

- There are **two main objectives to this research**:

  1 *Track levels of customer satisfaction with ETA products.*

  2 *Capture e-file User and Non-User ideas about how the ETA can improve or add to its electronic product offerings.*

Background & Objectives (Cont'd.)

- Meeting these objectives means that ETA has the information necessary…

  - To **make policy decisions** on how to expand the volume of electronic transactions.

  - To **make resource allocation decisions** that will influence practitioner information and public acceptance of ETA programs.

  - And to **make decisions on the development of future ETA products**.

Methodology

- Each wave of research is conducted…

    - By **telephone** during **a six-week period of March-to-mid-April** from RMR's national interviewing facility in Wayne, NJ.

    - <u>Each wave consists of</u>...

        - ◆ **A nationally-representative Random Sample of 1000 U.S. Taxpayers** drawn from a computer-generated list of U.S. households (both listed and unlisted HHs).

            - **500 Users of each *e-file* product**. The Random Sample yielded 280 *e-file* Users, which we augmented by another 1,220 interviews to assure readable samples of Users of each *e-file* product.

        - ◆ **Each wave also includes 1000 interviews with Preparers** drawn from the ERO Applicants Database.

            - **500 of these are *e-file* Users and 500 Non-Users**.

Methodology (Cont'd.)

- To **qualify** for the study…

  - **Taxpayers** have to be:

    - Ages 18-64
    - Employed
    - And filed taxes in the previous tax year (1998 for tax year 1997).

  - **Preparers** have to simply be active Preparers who were either Users or Non-Users of *e-file* products.

- To assure the survey is representative of each target audience, **a high rate of response is achieved** -- 68.4% in the case of Taxpayers and 71.6% in the case of Preparers.

Guide To Statistical Notation Used In Presentation

Indicates data that are significantly **<u>higher</u>** in one group than in other groups (at a 95% confidence level -- 2-tailed test).
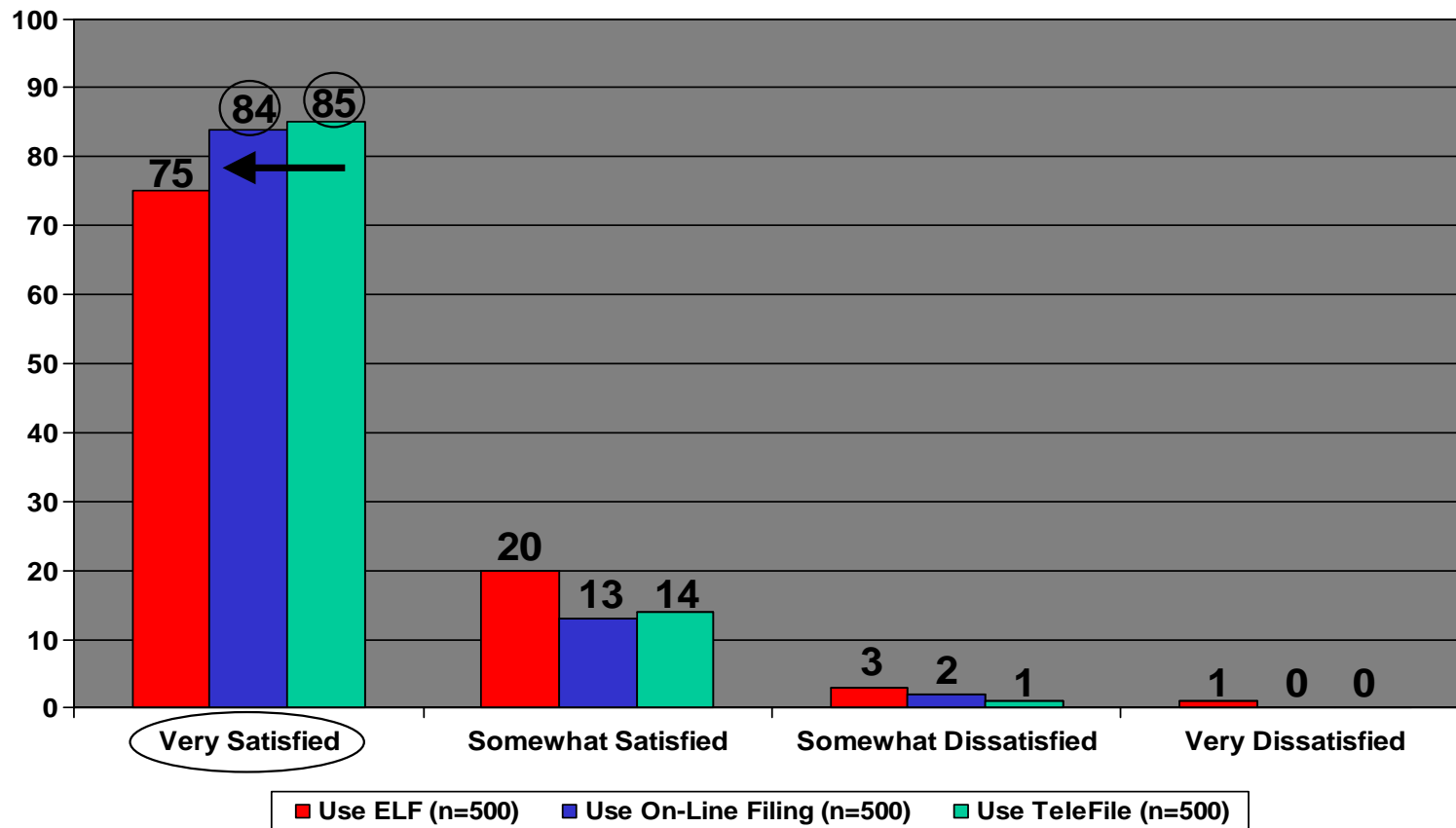
□ Indicates data that are significantly **<u>lower</u>** in one group than in other groups (at a 95% confidence level -- 2-tailed test).

⬚ Dashed boxes are also sometimes used to **<u>highlight</u>** interesting patterns of data.

Key Findings Among Taxpayers

Taxpayers Report High Satisfaction With *e-file* Products

● The satisfaction levels shown below **meet and exceed customer satisfaction levels found in private sector data** (where a "very" satisfied score of anywhere between 70% and 80% is considered good -- depending on product category).

Legend: Use ELF (n=500)　Use On-Line Filing (n=500)　Use TeleFile (n=500)

Categories (x-axis): Very Satisfied, Somewhat Satisfied, Somewhat Dissatisfied, Very Dissatisfied

Very Satisfied: ELF 75, On-Line Filing 84, TeleFile 85
Somewhat Satisfied: ELF 20, On-Line Filing 13, TeleFile 14
Somewhat Dissatisfied: ELF 3, On-Line Filing 2, TeleFile 1
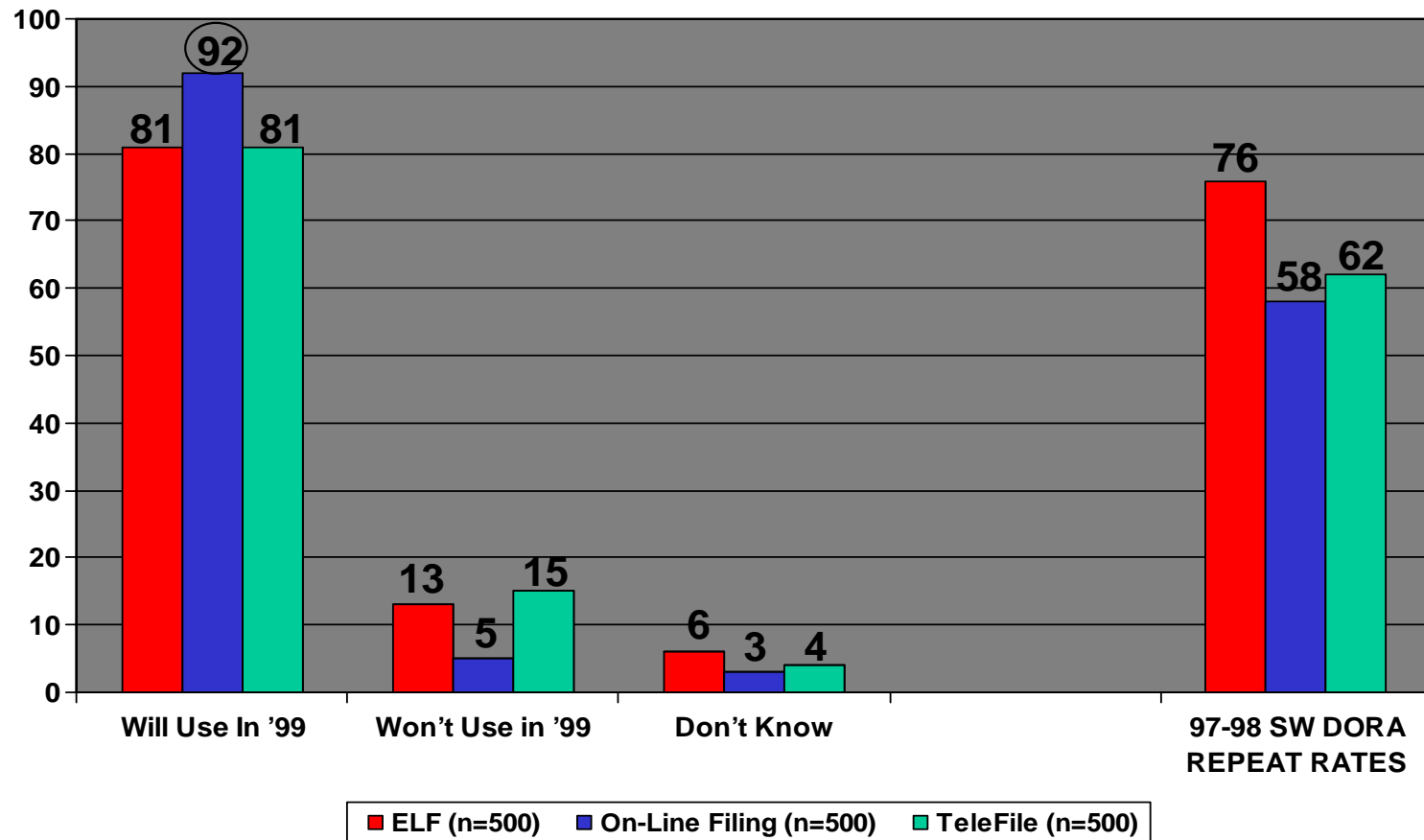Very Dissatisfied: ELF 1, On-Line Filing 0, TeleFile 0

The Strength Of The Satisfaction Scores Is Reflected In...

- **The proportion of respondents who say they are "very satisfied" with each *e-file* product compared to other methods of filing Federal income taxes**. While we do not have comparable data for the other IRS filing methods, this chart shows that each product generates strong satisfaction when compared against the other methods.
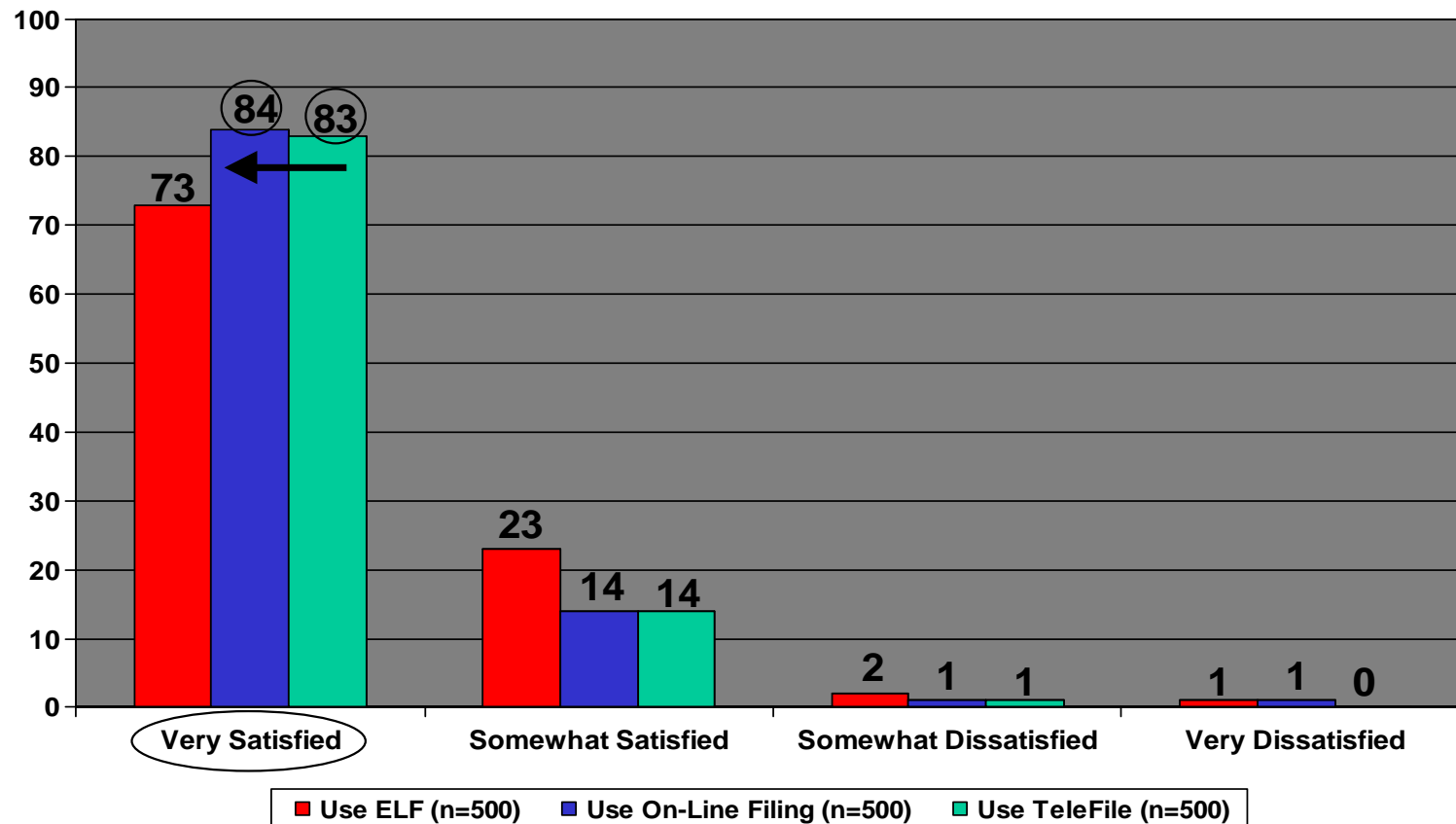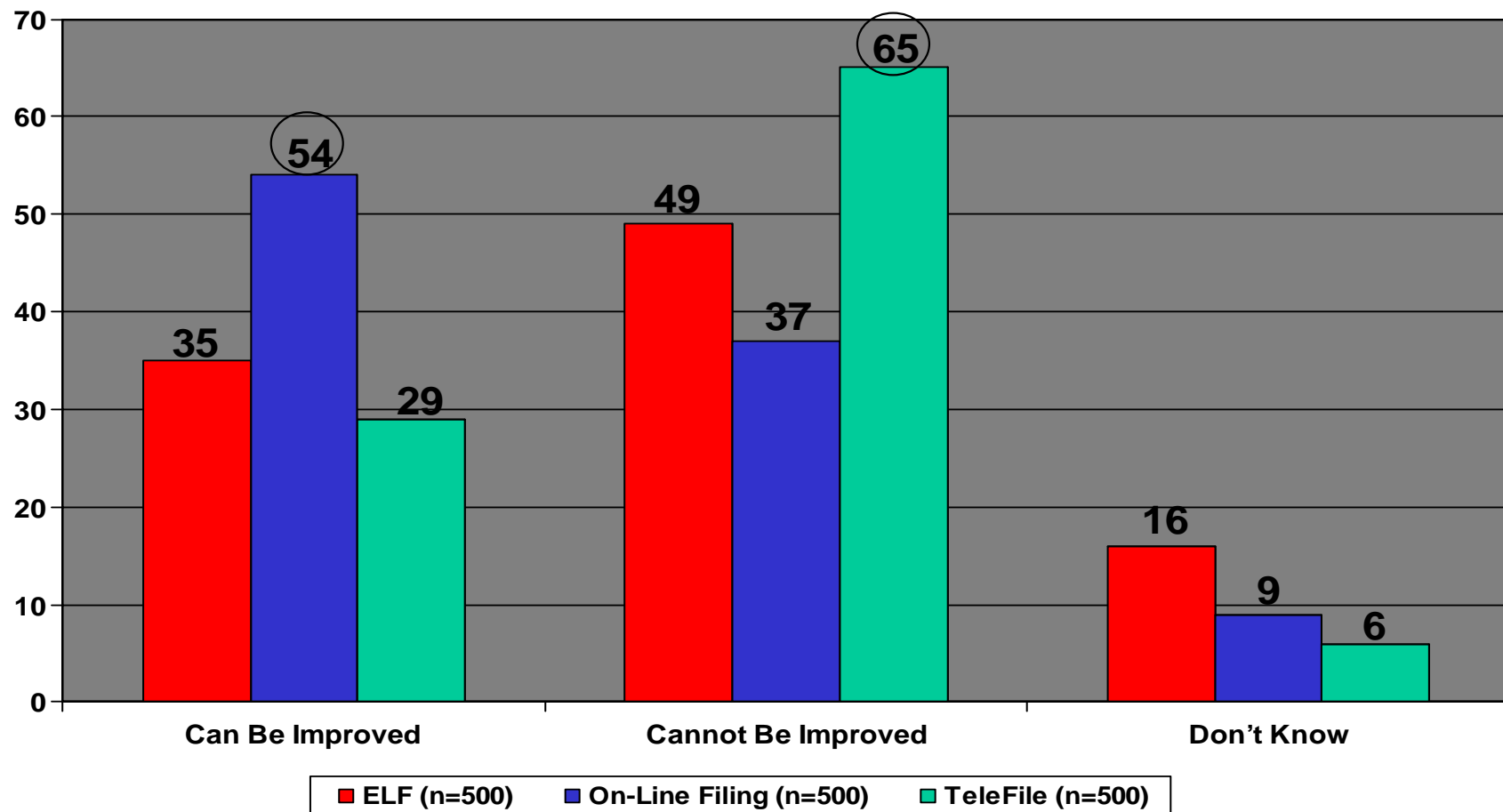
User Satisfaction Is Also Reflected In High Planned Repeat Use

- If the projections by Taxpayers were to hold up, **these repeat levels would represent sharp increases for On-Line and TeleFile vs. the repeat levels found in the '97-'98 Southwest DORA data** (presented in late May).

Chart legend: ■ ELF (n=500) ■ On-Line Filing (n=500) ■ TeleFile (n=500)

	Will Use In '99	Won't Use in '99	Don't Know	97-98 SW DORA REPEAT RATES
ELF (n=500)	81	13	6	76
On-Line Filing (n=500)	92	5	3	58
TeleFile (n=500)	81	15	4	62

But There Is Clearly Room For Product Improvement

- Although reported satisfaction levels are high, **over half of the Users of On-Line Filing say that On-Line Filing can be improved** -- vs. only 29% and 35% for TeleFile and ELF.

Chart data:

	Can Be Improved	Cannot Be Improved	Don't Know
ELF (n=500)	35	49	16
On-Line Filing (n=500)	54	37	9
TeleFile (n=500)	29	65	6

Legend: ■ ELF (n=500) ■ On-Line Filing (n=500) ■ TeleFile (n=500)

Suggestions For Improvement Vary By Product

- For **On-Line Filing**, the top individual suggestions are to ***make it less expensive*** and to ***eliminate third parties*** but there are also substantial net mentions of making it ***simpler/easier***.

- For **ELF**, the top mention is to ***make it less expensive*** (in line with suggestions we see in other data), while for **TeleFile**, the main mention is to ***expand qualification for the product***.

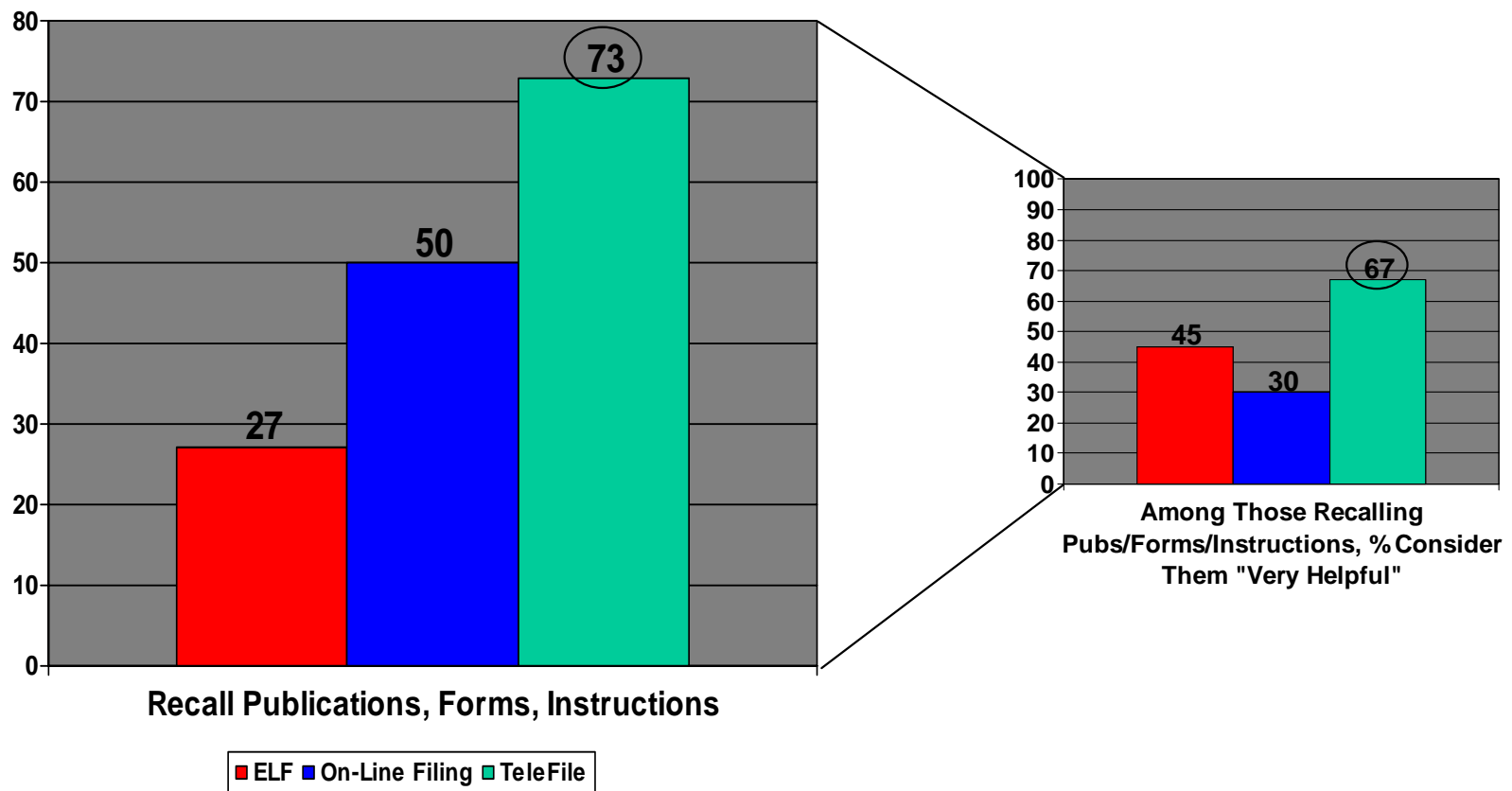|	ELF USERS	ON-LINE USERS	TELEFILE USERS
BASE: Feel Method Can Be Improved	173	271	144
	%	%	%
Total Making Some Suggestion	**89**	**88**	**84**
Speed Things Up (Net)	26	13	19
Faster Refunds	11	2	6
Faster Submission Process	5	7	6
Speed Up The Process Generally	9	3	5
Make It Easier/More Convenient (Net)	27	36	53
Expand Qualifications To Include More People	5	7	22
Explain It Better	3	5	10
Simplify It Generally	7	7	6
Cut Down On The Length Of The Forms	5	6	1
Other Mentions			
Make It Less Expensive	34	14	0
Eliminate Third Parties From The Process	2	14	0

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Gap Analysis Underscores Areas Of Needed Improvement

- Comparing Users' expressions of their needs (as found in the importance ratings) with their ratings of satisfaction with each product, we see **large gaps in satisfaction for all three products** in terms of *accuracy* and *privacy/security* -- plus the weaknesses of ELF in terms of *cost* and On-Line Filing in terms of *ease of use*.

BASE:	ELF USERS			ON-LINE USERS			TELEFILE USERS		
	REALLY IMPOR-TANT 500 %	VERY SATIS-FIED 500 %	GAP +/(-)	REALLY IMPOR-TANT 500 %	VERY SATIS-FIED 500 %	GAP +/(-)	REALLY IMPOR-TANT 500 %	VERY SATIS-FIED 500 %	GAP +/(-)
Being Assured Of Accuracy	**94**	**81**	**(13)**	**92**	**84**	**(8)**	**95**	**82**	**(13)**
Being Assured Of Privacy/Security	**92**	**67**	**(25)**	**87**	**63**	**(24)**	**84**	**74**	**(10)**
Being Easy/As Little Hassle As Possible	81	80	(1)	**82**	**73**	**(9)**	86	89	+3
Inexpensive	**72**	**36**	**(36)**	64	62	(2)	73	95	+22
Refund Speed	73	69	(4)	73	79	+6	73	77	+4
Filing Speed	72	82	+10	74	91	+17	79	93	+14

Publications, Forms & Instructions Also Need Attention

- Recall of product publications, forms and instructions **is especially low among Users of ELF and On-Line Filing** and those who recalled them **do not** consider the forms and instructions to be particularly helpful.

Recall Publications, Forms, Instructions

Among Those Recalling Pubs/Forms/Instructions, % Consider Them "Very Helpful"

■ ELF ■ On-Line Filing ■ TeleFile

Still, There Are Major Product Strengths To Communicate

- **Virtually every *e-file* User in the survey** told us something they liked about the *e-file* product they used in 1998.

- The strengths of the three products are similar -- *speed in refund*, *speed in tax filing*, and *being an easier/more convenient way to file taxes*.

	ELF	ON-LINE FILING	TELEFILE
BASE:	500	500	500
	%	%	%
Total Mentioning Something They Liked About...	**97**	**99**	**99**
It's Faster	**60**	**53**	**51**
Quick Refund	31	23	20
Fast/Quick Way To File	30	30	32
It's Easier/More Convenient	**53**	**79**	**82**
It's Just Easier/More Convenient	28	55	66
Someone Else Does The Work For You	16	3	5
It's User-Friendly/Clear/Easy To Follow	3	11	3
Reduces Paperwork	2	7	3
It's A More Accurate Way To File Your Taxes	**20**	**6**	**2**

Why Are TeleFile Users Not Migrating To ELF Or On-Line?

- Aside from preferring TeleFile, the main reasons for not using ELF are **cost** and **lack of justification**; for On-Line Filing, the main reason is **lack of computer equipment**.

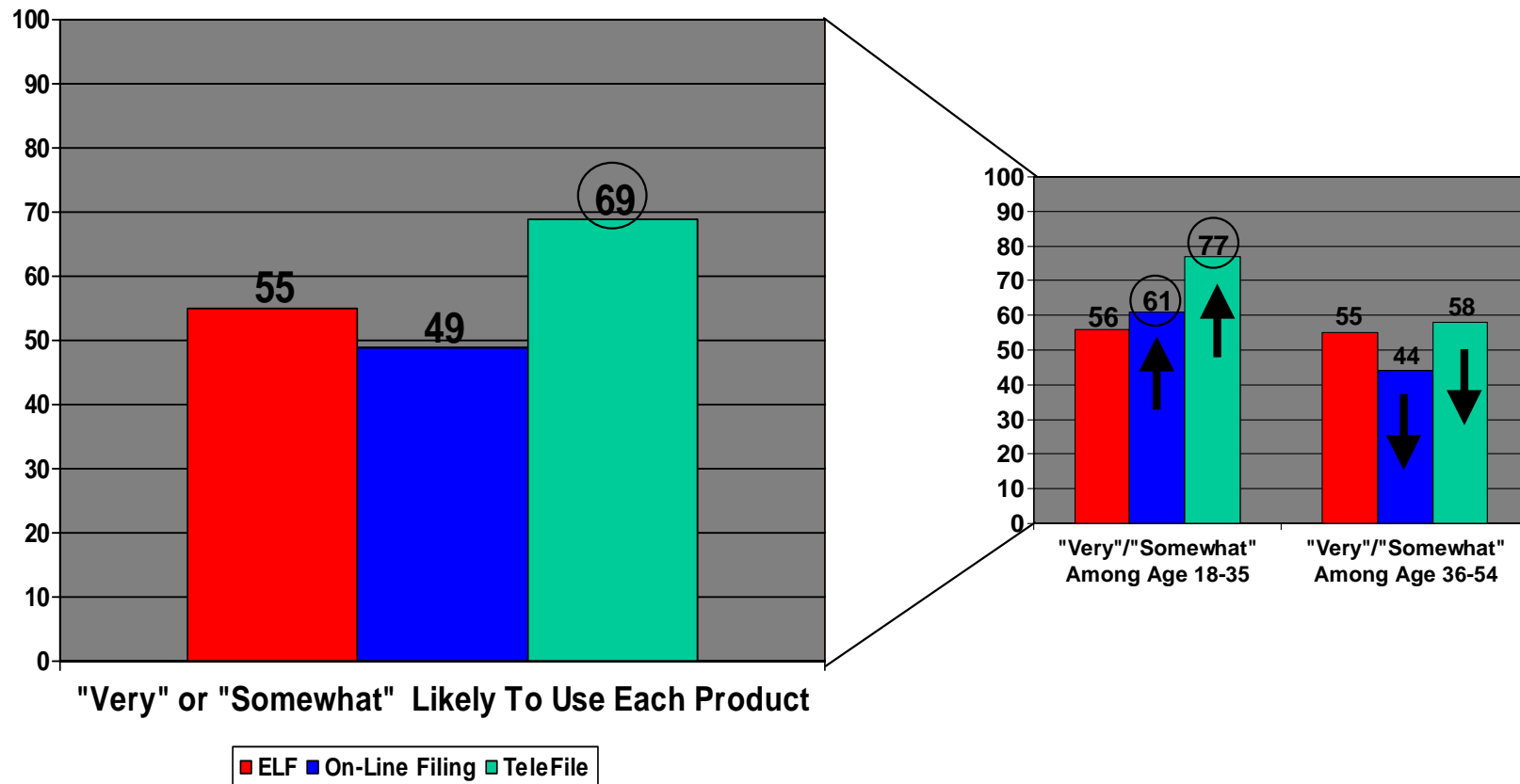|	WHY NOT USE ELF	WHY NOT USE ON-LINE
BASE: Total TeleFile Users	**500**	**500**
	%	%
Total Making Some Suggestion	**91**	**92**
Prefer TeleFile (Net)	**34**	**21**
It's Faster/Easier/Less Complicated	10	6
Just Prefer TeleFile	19	15
It's Cheaper	1	7
Dislike The Optional Product (ELF/On-Line) (Net)	29	12
Don't Trust It/Lack Of Security	2	8
It's Too Complicated/Intimidating	0	2
It Costs Money/You Have To Buy Something	**27**	2
Did Not Have Access To A PC Then	0	**38**
Was Not On-Line/On Internet At The Time	0	7
Was Not Aware Of It At The Time	10	8
Did Not Have The Software	0	3
My Tax Situation/Refund Amount Doesn't Justify Using It	**22**	3
Don't Know	9	8

How Do We Attract Current Non-Users To *e-file*?

● **Non-Users tell us that in general the main barriers to use are <u>lack of knowledge/access</u>, followed by <u>cost</u> and <u>trust/privacy/security</u> issues.** These were the top responses to both the question of "why not *e-file* last year?" and, among those aware and qualified for each product, "why not use (ELF) (On-Line) (TeleFile)?"

	WHY NON-USERS DID NOT E-FILE LAST YEAR	WHY QUALIFIED & AWARE NON-USERS DID NOT USE...		
		ELF	ON-LINE	TELEFILE
BASE:	720	243	249	47
	%	%	%	%
<u>Lack Of Knowledge/Access To *e-file*/This Method</u> (Net)	**<u>43</u>**	**<u>19</u>**	**<u>45</u>**	**<u>47</u>**
My Preparer Did Not Offer It As A Choice	**21**	**15**	**0**	**0**
No Computer/Modem/Not Computer Savvy	**12**	**0**	**31**	**0**
Not Aware/Don't Know How It Works/No Tax Package	**6**	**3**	**4**	**38**
<u>Perceived Drawbacks Of e-file/This Method</u> (Net)	<u>30</u>	<u>31</u>	<u>26</u>	<u>18</u>
It's Too Expensive	**15**	**22**	**17**	**0**
Don't Trust It/Lack Of Privacy/Security	**13**	**7**	**7**	**18**
<u>I'm Used To/Prefer Paper Filing</u> (Net)	<u>23</u>	<u>42</u>	<u>28</u>	<u>22</u>
<u>It Doesn't Apply To My Tax Situation</u> (Net)	<u>12</u>	<u>23</u>	<u>14</u>	<u>18</u>

Non-Users Are Particularly Skeptical About ELF & On-Line

- **After hearing detailed descriptions of each product**, only about half of Non-Users say they are "very" or at least "somewhat" likely to use ELF and On-Line Filing vs. 69% for TeleFile.

- There is sharply higher interest in On-Line Filing and TeleFile among the younger age segment.

"Very" or "Somewhat" Likely To Use Each Product

Main chart values: ELF = 55, On-Line Filing = 49, TeleFile = 69

Age 18-35: ELF = 56, On-Line Filing = 61, TeleFile = 77
Age 36-54: ELF = 55, On-Line Filing = 44, TeleFile = 58

Legend: ELF, On-Line Filing, TeleFile

Privacy/Security, Cost & Ease Of Use Are The Main Concerns

- Non-Users' concerns about all *e-file* products center around ***privacy/security*** and ***a perception that these methods may not be better than other filing methods***. In addition, there are concerns about the ***cost*** of ELF and On-Line Filing and about the perceived ***lack of ease of use*** of On-Line Filing.

	TOTAL RATED ELF	TOTAL RATED ON-LINE	TOTAL RATED TELEFILE
BASE:	73 %	327 %	320 %
Percent Agree Completely/Somewhat That Product Would Be...			
A Way To File Return Quickly	90	87	94
A Way To Get Your Refund Faster	89	85	89
An Accurate Way To File Taxes	82	75	79
Easy/With Little Hassle	80	**65**	89
A Private/Secure Way To File Taxes	**61**	**43**	**65**
Better Than Other Methods Of Filing Federal Taxes	**58**	**51**	**71**
An Inexpensive Method Of Filing Federal Taxes	**40**	**72**	93

Ratings Of >75% Agreement Mean That 25%+ Do Not Believe The Product Would Deliver On That Attribute.

Some Non-Users Are Already Preparing Returns Via Computer

- To determine levels of **use of software-for-preparation-but-mail-for-transmission** among Non-Users, we asked Non-Users of *e-file* whether they had prepared their '98 return on a computer. Results show that about one-fourth did.

Don't Recall
3%

Prepared Return On Computer
24%

Did Not Prepare Return On Computer
73%
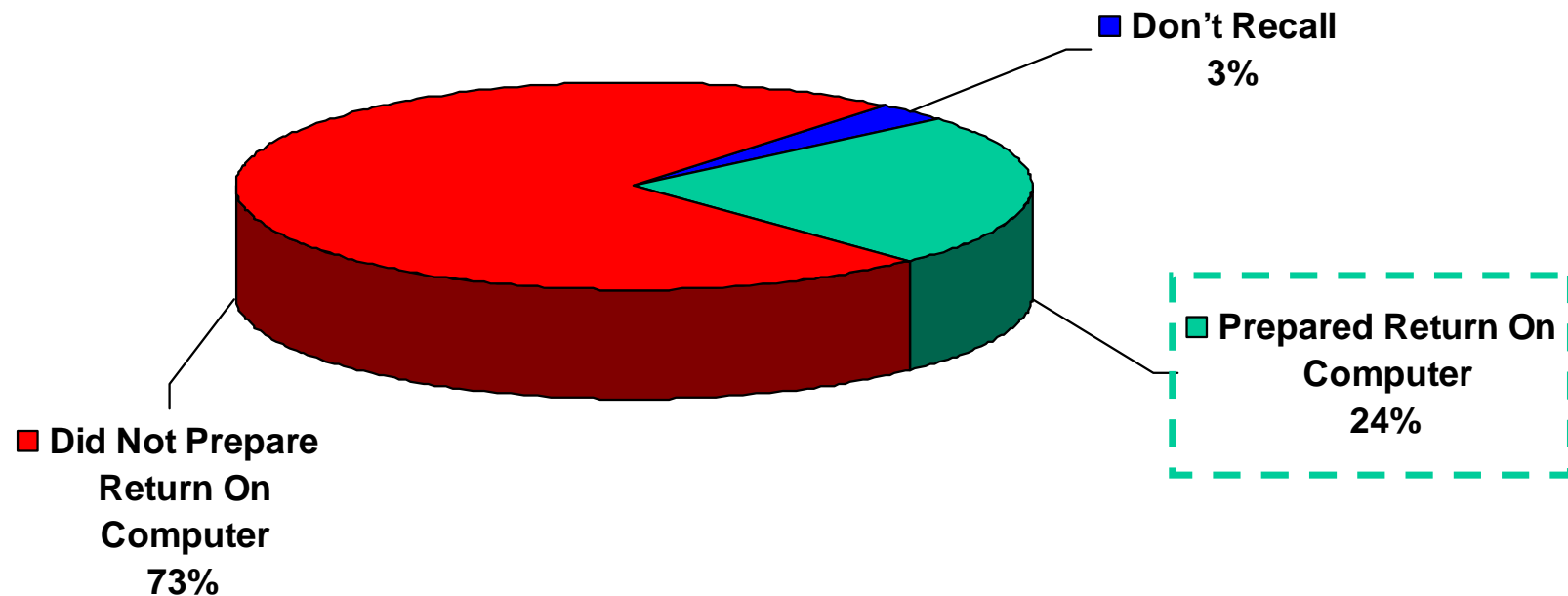
But Cost And Lack Of Access & Saliency Are Blocking *e-filing*

- Among those who prepared their return via computer and then mailed it to the IRS, the main reasons for not filing electronically relate to ***cost*** and ***lack of access to the Internet or to the appropriate software***. In addition, 29% indicate that they are either ***just not thinking of e-filing*** or ***think they should e-file only when in a hurry***.

	ELF
BASE: Total Self-Prepared Paper Filers Using A Computer To Prepare Return	82
	%
Cost/Price (Net)	**21**
You Have To Pay A Filing Charge	**16**
It Costs Money	**5**
Lack Of Access To Computer Equipment/Software (Net)	**18**
Did Not Have Internet Access	**10**
Did Not Have The Right Software	**5**

Other Mentions

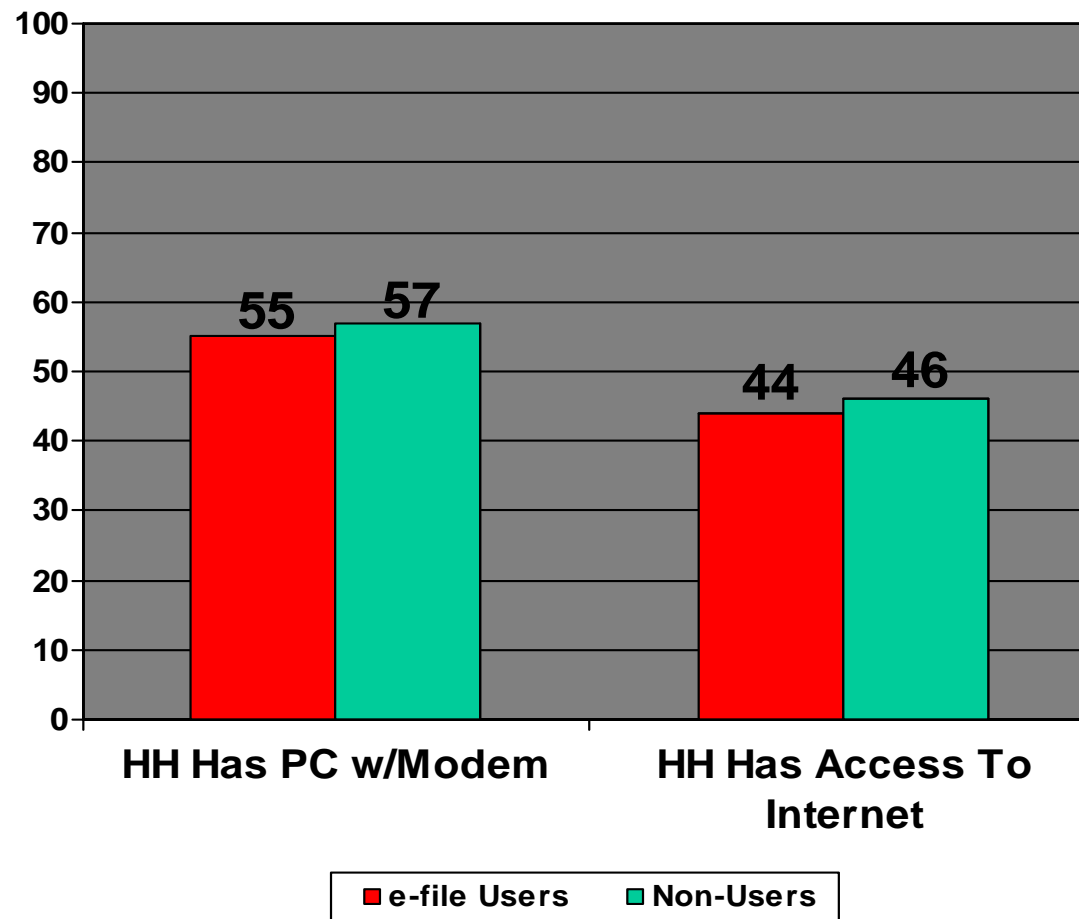|	
Just Did Not Think About Filing Electronically	**15**
I Was Not In A Hurry To File/Time Was Not An Issue	**14**
I Had Security/Privacy Concerns	10
I Just Prefer To Use The Paper Method	6
It's Not Easy To File Electronically, The Software's Difficult	5

The Lack Of *e-file* Saliency Among Non-Users Is Clear

- The **saliency of a product is best captured via measures such as unaided product awareness and consideration**. As shown below, Non-Users have far lower awareness and consideration of *e-file* products -- especially ELF and TeleFile.

|	TOTAL RANDOM SAMPLE	RANDOM *e-file* USERS	RANDOM *e-file* NON-USERS
BASE:	1000 %	280 %	720 %
Unaided Awareness Of e-file Methods			
Third Party Electronic Filing (ELF)	39	60	34
On-Line Filing	32	29	33
TeleFile	20	29	18
Net Unaided Mentions of ETA Products	**64**	**84**	**60**
Consideration Of Use Of e-file Methods			
Third Party Electronic Filing (ELF)	50	78	43
On-Line Filing	46	49	45
TeleFile	36	50	32
Net Unaided Mentions of ETA Products	**75**	**99**	**69**

Other Measures: Modem Ownership & Access To Internet

- Non-Users are not different from Users in terms of **household ownership of a PC with a modem** and in **household access to the Internet**.

Legend: ■ e-file Users ■ Non-Users

Category	e-file Users	Non-Users
HH Has PC w/Modem	55	57
HH Has Access To Internet	44	46

Other Measures: Use Of A Paid Preparer

- **Use of a paid Preparer was lower** among *e-file* Non-Users (at 53%) than among Users (70%), but their **reasons for using a paid Preparer are similar** to those of Users.

■ Paid
Preparer
70%

Users

■ No Paid
Preparer
30%

■ Paid
Preparer
53%

Non - Users

■ No Paid
Preparer
47%
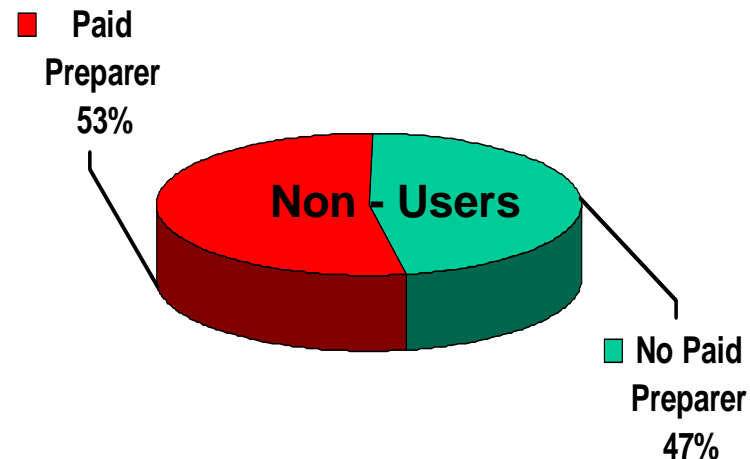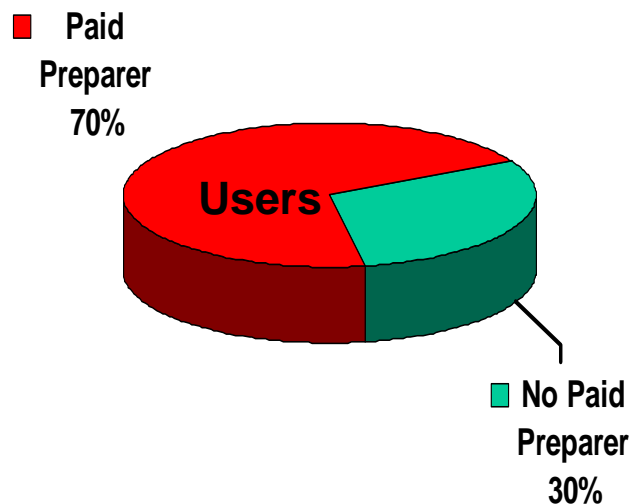
Why Use A Paid Preparer?

	USERS	NON-USERS
It's Easier/Less Hassle/More Convenient…………………..	36%	38%
Preparers Have Knowledge/Information…………………...	33%	27%
Makes You Feel Secure/Assured…………………………	24%	24%

Demographics

- In line with the SW DORA data we saw, **Users** tend to be **younger** and **lower income** as well as **less likely to be married**, than Non-Users.

	TAX-PAYERS	RANDOM e-file USERS	RANDOM NON-USERS
BASE:	1000	280	720
	%	%	%
Gender			
Male	47	42	48
Female	53	58	52
Age			
18-35	**35**	**50**	**32**
36-64	**65**	**50**	**68**
Average Age	**40**	**37**	**41**
Average HH Size	3.1	3.1	3.1
% With Children	52	52	52
% Married	**62**	**44**	**67**
% With College Education	63	61	63
Median HH Income (000)	**$47**	**$39**	**$51**

Key Findings Among Preparers

There Are Major Differences In The Two Groups Of Preparers

- Before going through the Preparer satisfaction data, it might be helpful to review the differences between **_e-file_ Users and Non-Users** -- differences in terms of volume & type of filings, involvement with the IRS, and even in who they are and what they call themselves.

- In volume and type of filings, Users report **a larger volume of 1998 returns** (of which about 30% were electronic filings) and **a stronger skew toward Individual returns** than Non-Users.

	TOTAL APPLICANTS DATABASE	_e-file_ USERS	NON-USERS
BASE:	1005	501	504
Median # Returns Filed In 1998	175	(210)	125
Median % Of 1998 Returns That Were _e-file_	na	30%	0
Median % Of 1998 Returns That Were Individual Returns	93%	(95%)	89%
Median % Of 1998 Returns That Were Business Returns	7%	5%	11%

Users Also Have Greater Involvement With The IRS

- While there are no differences in PC ownership, **Users are more likely to access the Internet** and **more likely to use the IRS' Digital Daily Website**. Users also **have greater contact with the IRS**, particularly through the Internet, at seminars/conferences, and via their firms.

|	TOTAL APPLICANTS DATABASE	*e-file* USERS	NON- USERS
BASE:	1005	501	504
	%	%	%
PC Ownership			
At Both Work & Home	78	78	75
At Work Only	16	18	13
At Home Only	6	4	10
% With Access To The Internet	90	(93)	85
(New Base: Have Access To The Internet)	(894)	(464)	(430)
% Who Access The IRS' Digital Daily Website	63	(67)	56
How They Currently Get Info From The IRS			
Through The Mail	68	68	68
Over The Internet	58	(61)	52
By Telephone	54	54	55
At Seminars/Conferences	50	(52)	44
Tax/Accounting Firm Provides The Information	26	(30)	16
From Visiting IRS Representatives	17	17	17

Users' IRS Involvement Is Reflected In Several Measures

● They have somewhat **higher awareness of the Nationwide Tax Forums** held by the IRS and are somewhat **more likely to have attended one of the tax forums**.


Aware Of IRS Nationwide Tax Forums

Have Attended Tax Forums

■ Users ■ Non-Users
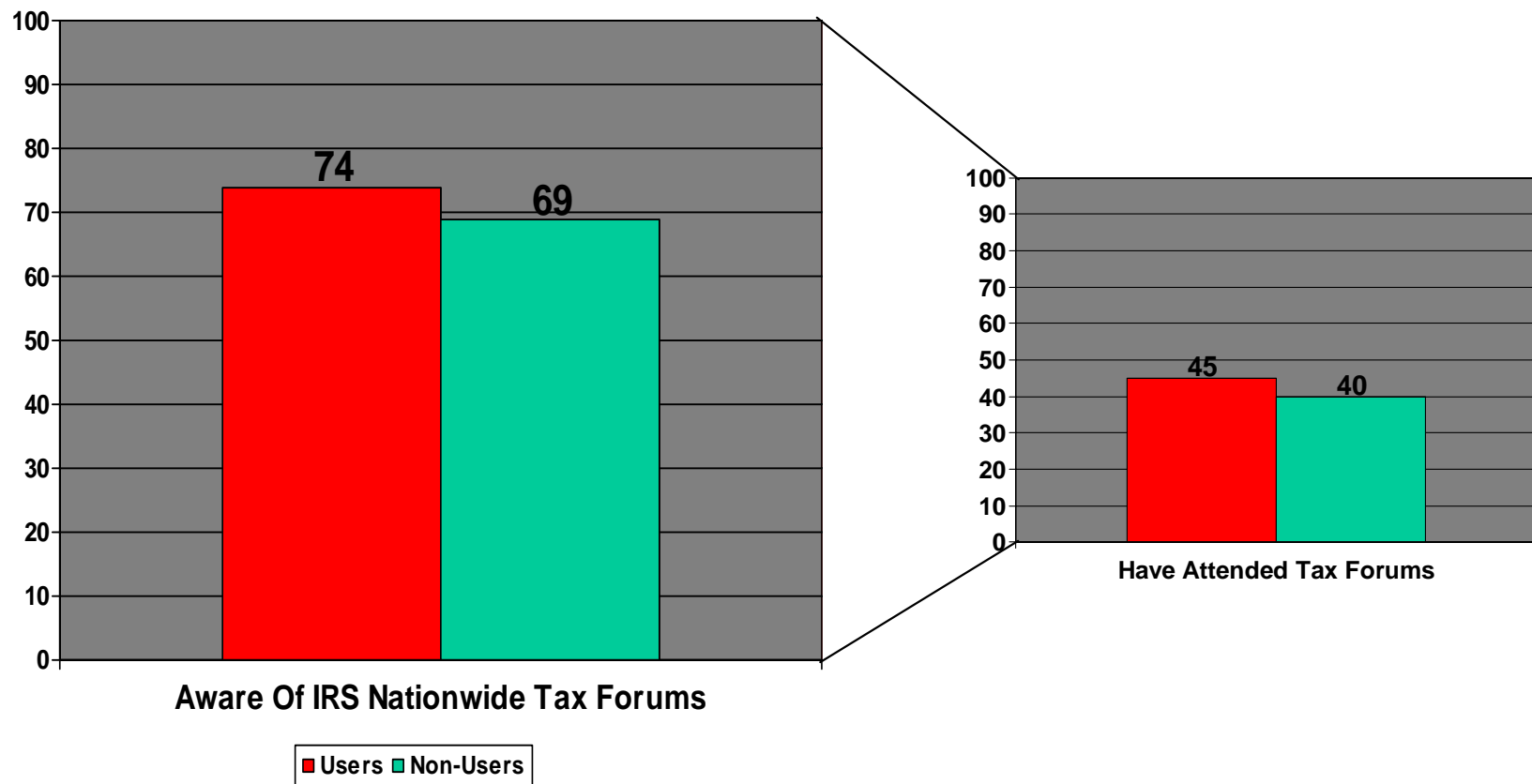
User Involvement With The IRS (Cont'd.)

- And they are **far more interested in obtaining videotapes of specific IRS Tax Forum segments**.

Interested In Tax Forum Segment Videotapes

Users (501)
Non-Users (504)
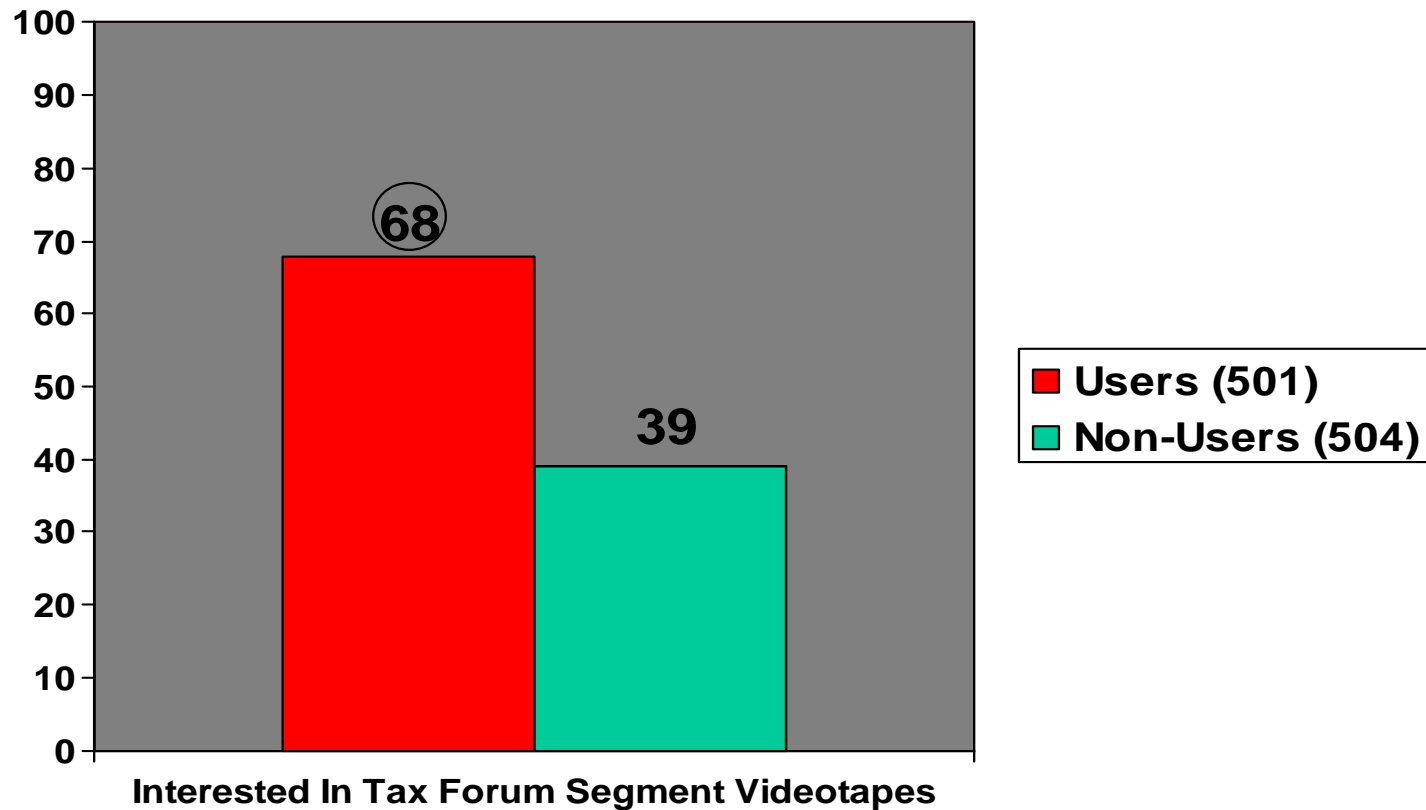
User Involvement With The IRS (Cont'd.)

- Users are also **more satisfied with the assistance they get from the IRS' District Coordinators**, though to be fair, **much of the difference is due to greater User awareness of the District Coordinator role.**
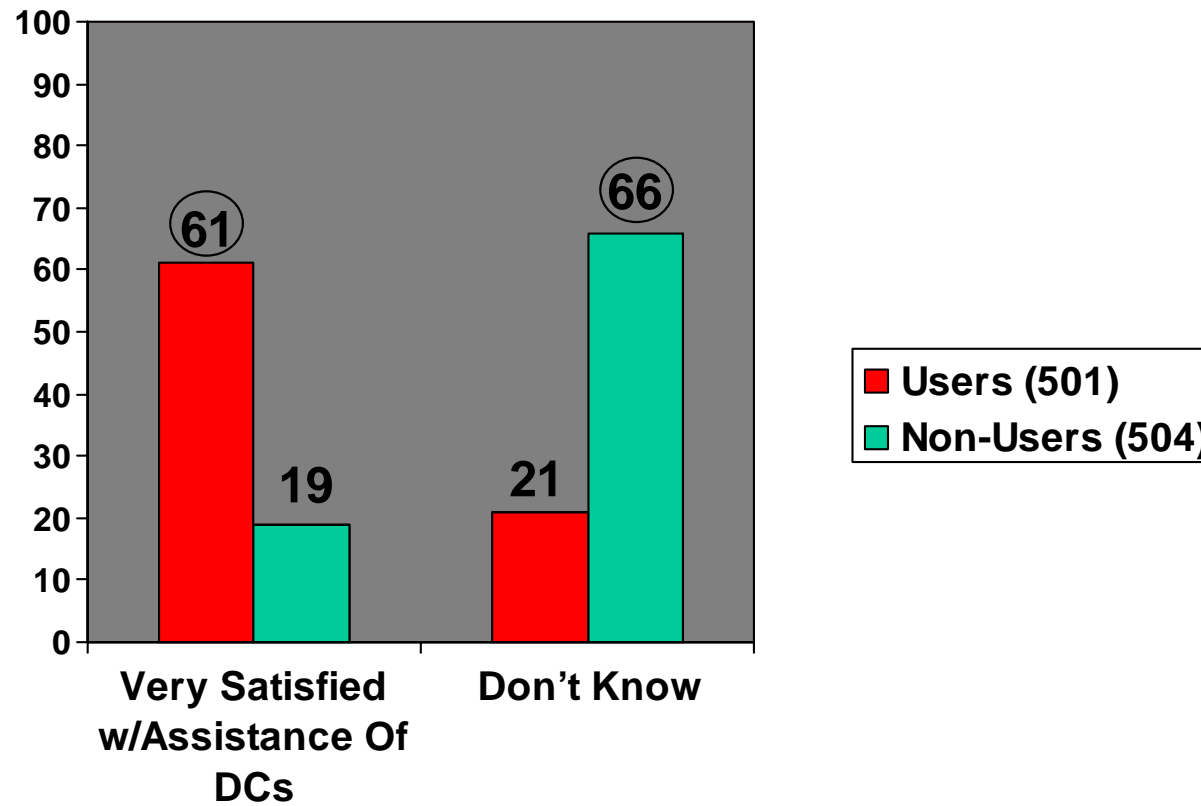
Non-Users Report Little Contact With District Coordinators

- In line with the lack of familiarity seen in the DC satisfaction rating, **over half of the Non-Users say they have no contact with the District Coordinators**.

Non-Users (n=504)
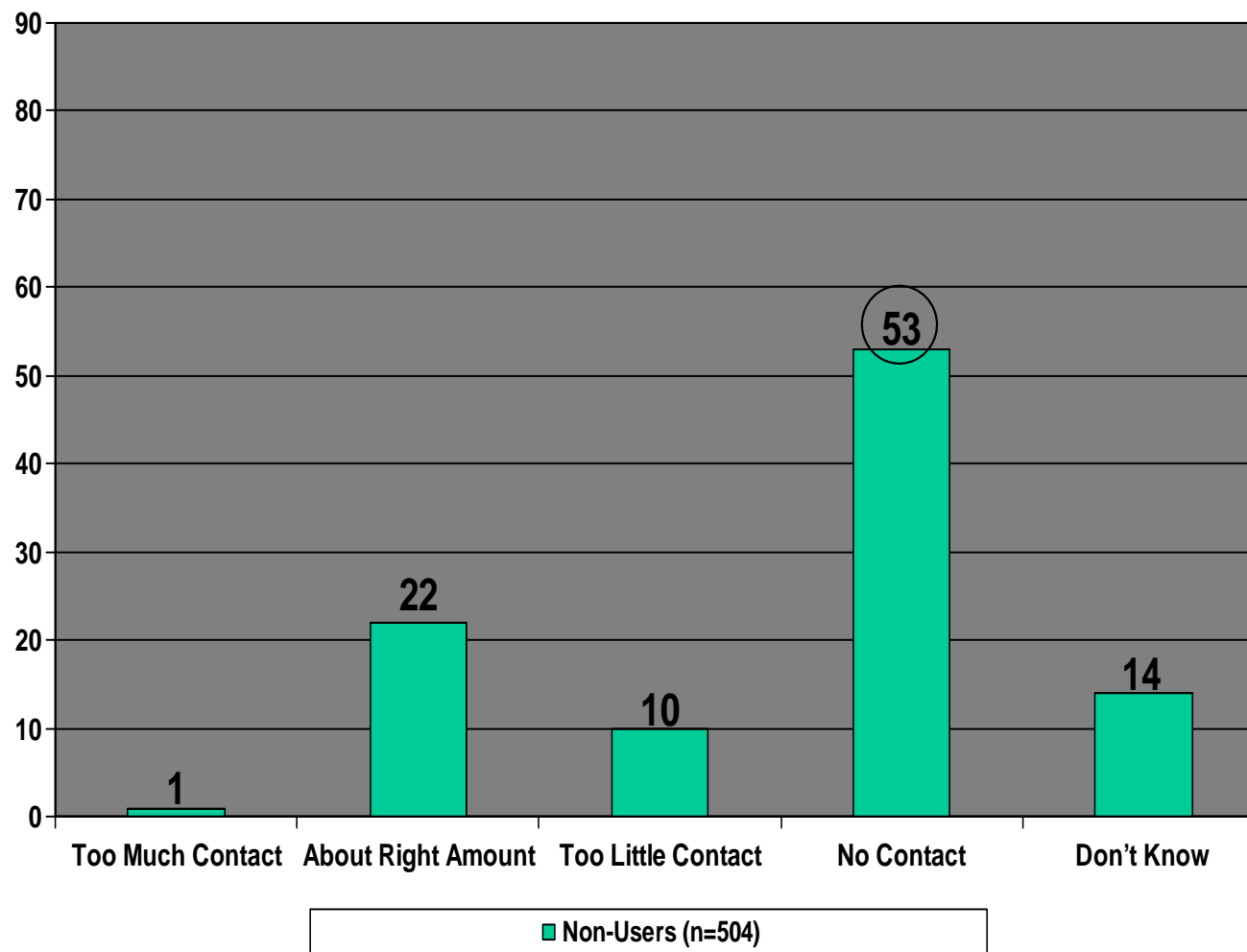
Finally, Users and Non-Users Differ Demographically

- Preparers using *e-file* are **younger** and somewhat **less skewed toward males**, and more likely to describe themselves as "Tax Practitioners" (rather than CPAs).

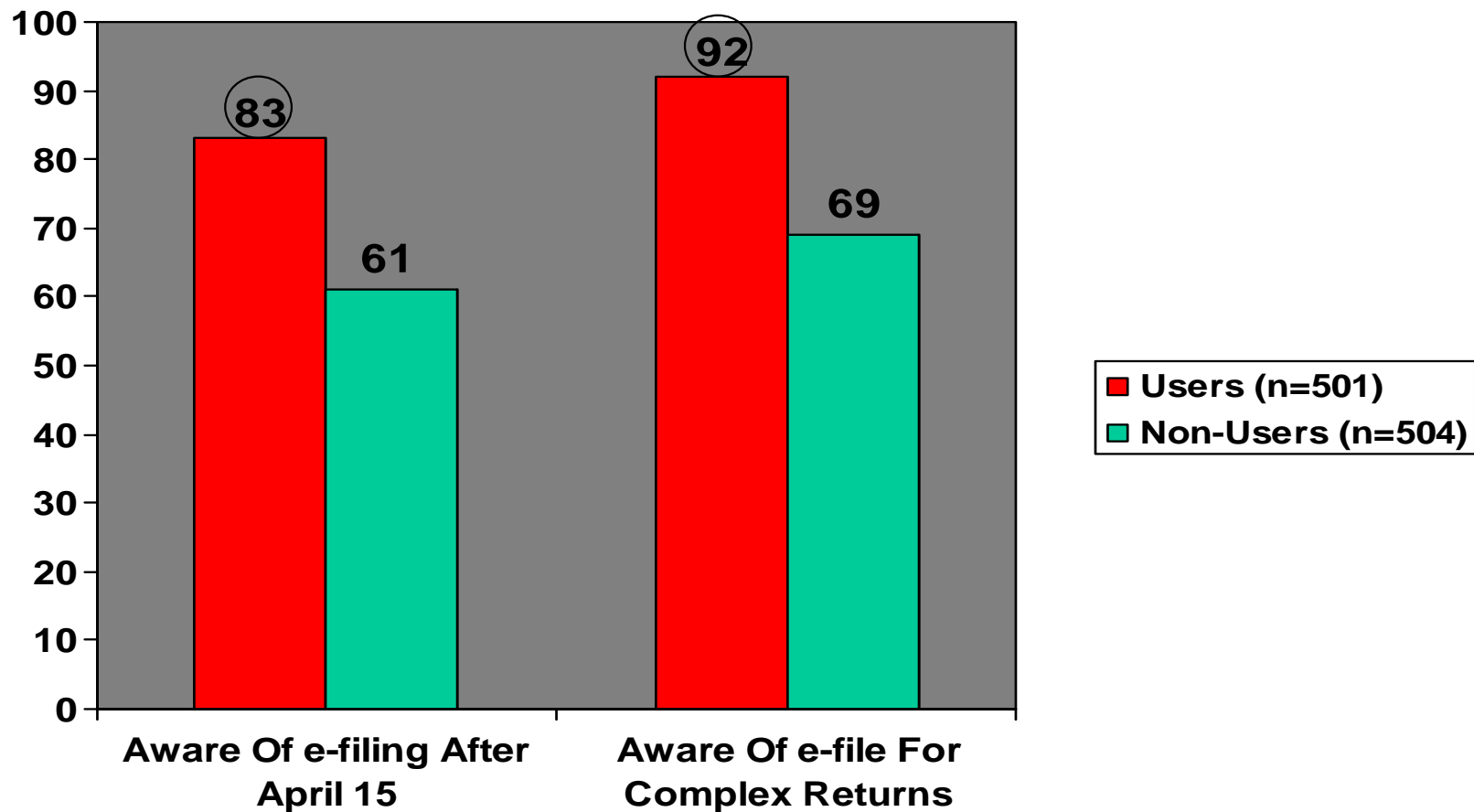|	TOTAL APPLICANTS DATABASE	*e-file* USERS	NON-USERS
BASE:	1005 %	501 %	504 %
Average Age	**49**	**47**	**51**
Gender			
Male	**63**	**61**	**69**
Female	37	39	31
Title			
Tax Practitioner	**46**	**51**	**37**
CPA/Certified Public Accountant	26	22	37
Enrolled Agent	12	12	12
Independent	10	10	9
Region			
Northeast	27	27	27
Southeast	28	28	28
MidStates	23	23	22
Western	22	22	23

Naturally, Users Are More Involved In The *e-file* Program

- Users seem to see *e-file* more as a product than do Non-Users. The vast majority of *e-file* Users **say that their clients request electronic filing** (Non-Users may be reluctant to say that their clients request *e-filing*).

- In addition, **88% of Users say they offer *e-file* to customers without it being requested** -- though only about half of these say they offer *e-file* **free** to customers.

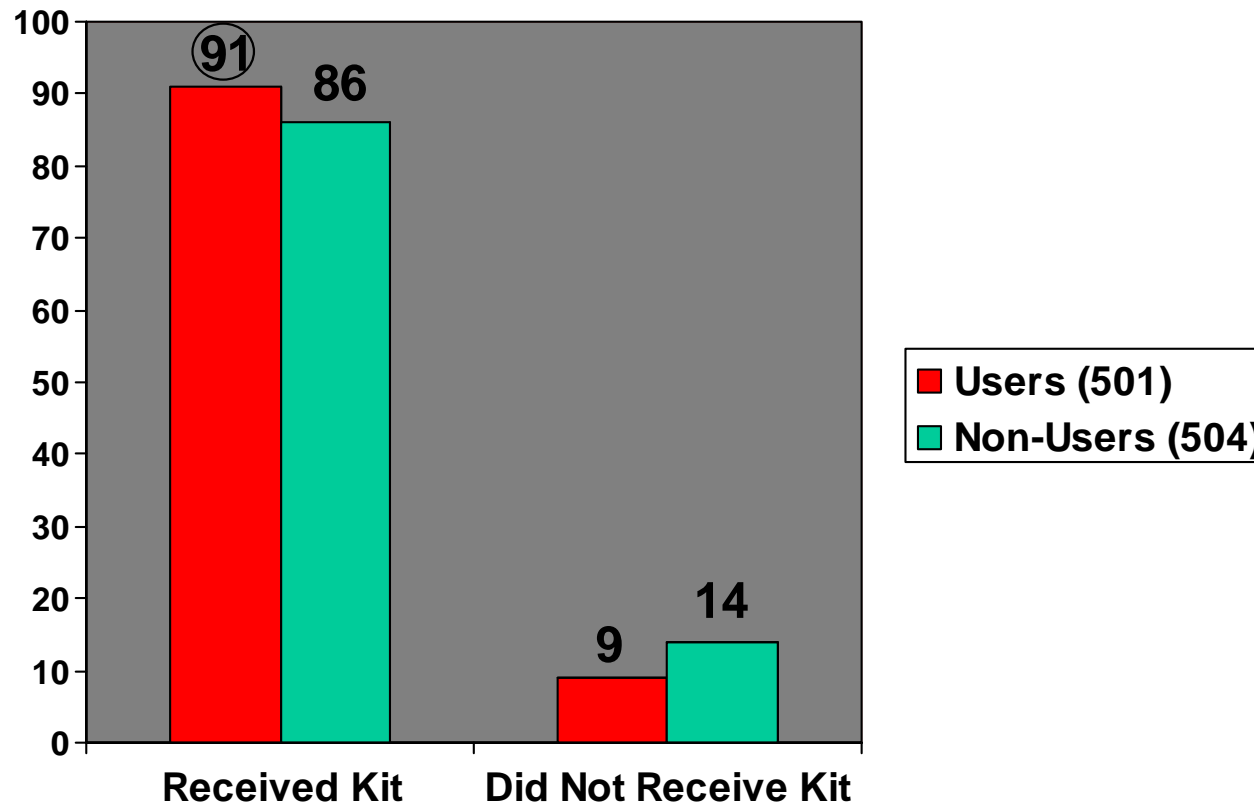|	TOTAL APPLICANTS DATABASE	*e-file* USERS	NON-USERS
BASE:	1005	501	504
	%	%	%
% Who Say Taxpayers Request *e-file*/Electronic Filing Services	79	(89)	57
(New Base:)	(na)	(501)	(na)
Among Users Only: % Saying *e-file* Offered Without Request			
Yes	na	88	na
No	na	12	na
% Saying They Offer Free Electronic Filing For Individual Returns	na	46	na

Users Are More Aware Of *e-file* Rules Than Non-Users

- Users are significantly more likely to be **aware that they can *e-file* after April 15th** and that they can **file complex returns using *e-file***.

Legend:
- Users (n=501)
- Non-Users (n=504)

Aware Of e-filing After April 15: Users 83, Non-Users 61
Aware Of e-file For Complex Returns: Users 92, Non-Users 69

And Users Have Greater Involvement In The *e-file* Marketing Kit

- User **recall of the Kit is significantly higher** than that of Non-Users.

And Users Liked The Kit More Than Non-Users

- Users are far more likely to have found **something they liked about the Kit** -- particularly the decals, signs, posters, stickers, and desk cards.

|	TOTAL APPLICANTS DATABASE	e-file USERS	NON-USERS
BASE: Received e-file Marketing Kit	886	454	432
	%	%	%
Total Who Mentioned Something They Liked	**65**	**75**	**41**
Liked Decals/Signs/Posters/Stickers/Desk Cards	28	38	7
Liked The Stickers	8	10	1
Liked The Posters	5	7	1
Liked The Window Signs	6	8	2
Other Mentions			
It Was Informative To Me & My Clients	13	16	7
Liked The Way The Kit Itself Looked/Was Put Together	8	8	9
Liked Helpful Hints/Suggestions/Ideas	8	10	4
It Was Easy To Read/Understand	3	4	3
Total Who Mentioned Nothing They Liked	**35**	**25**	**59**
Have Not Looked At The Kit	15	9	30
No Particular Likes	20	16	29

But, It Is Not A Case Of Non-Users *Disliking* The Marketing Kit

- **Only about one-sixth of either sub-group mentioned anything they disliked** about the Marketing Kit.

	TOTAL APPLICANTS DATABASE	e-file USERS	NON-USERS
BASE: Received e-file Marketing Kit	886 %	454 %	432 %
Total Who Mentioned Something They Disliked	**16**	**16**	**15**
Received It Too Late	2	2	1
It Was Not Informative Enough	2	2	2
It Was Too Long	1	1	1
Total Who Mentioned Nothing They Disliked	**84**	**84**	**85**

User Involvement Is High Though Many Are 1st-Year Applicants

- In viewing User involvement in the *e-file* program, it is interesting to note that **42% are first-year Applicants (new in 1998)** vs. 58% who are not new Applicants to the program.
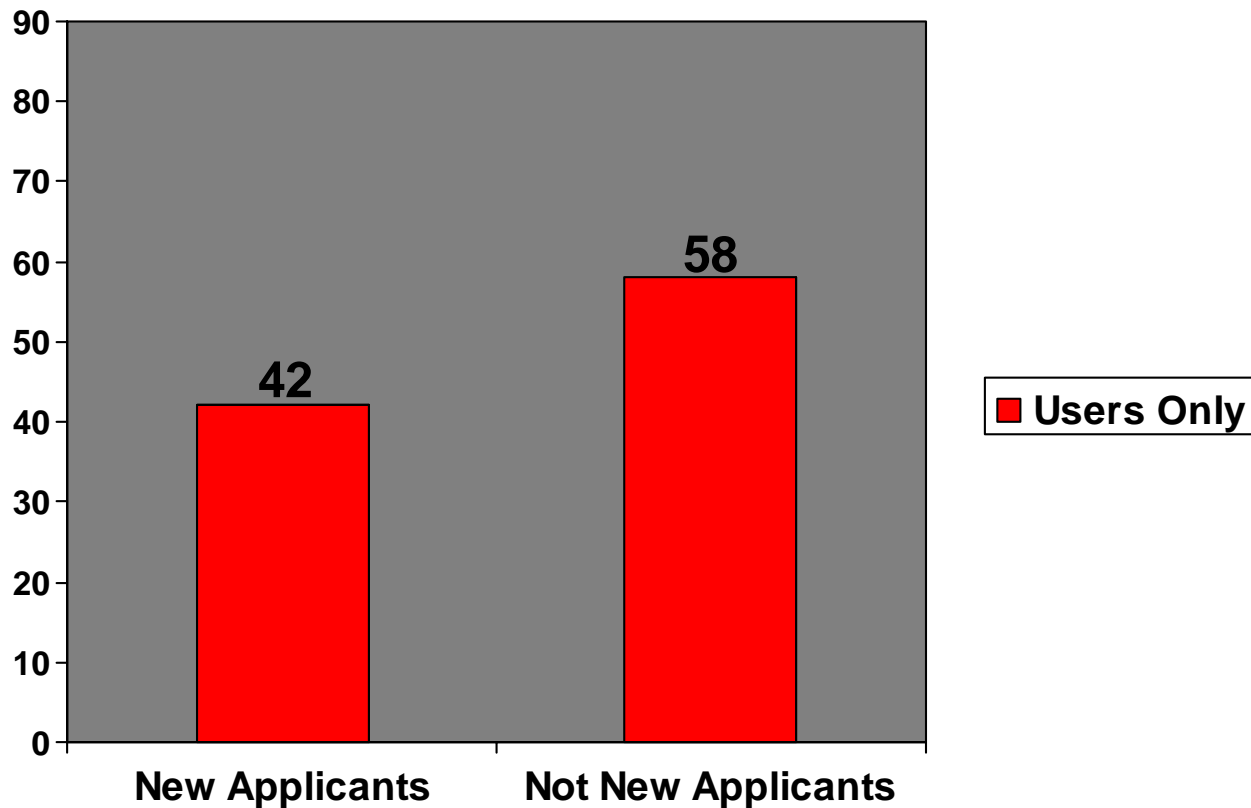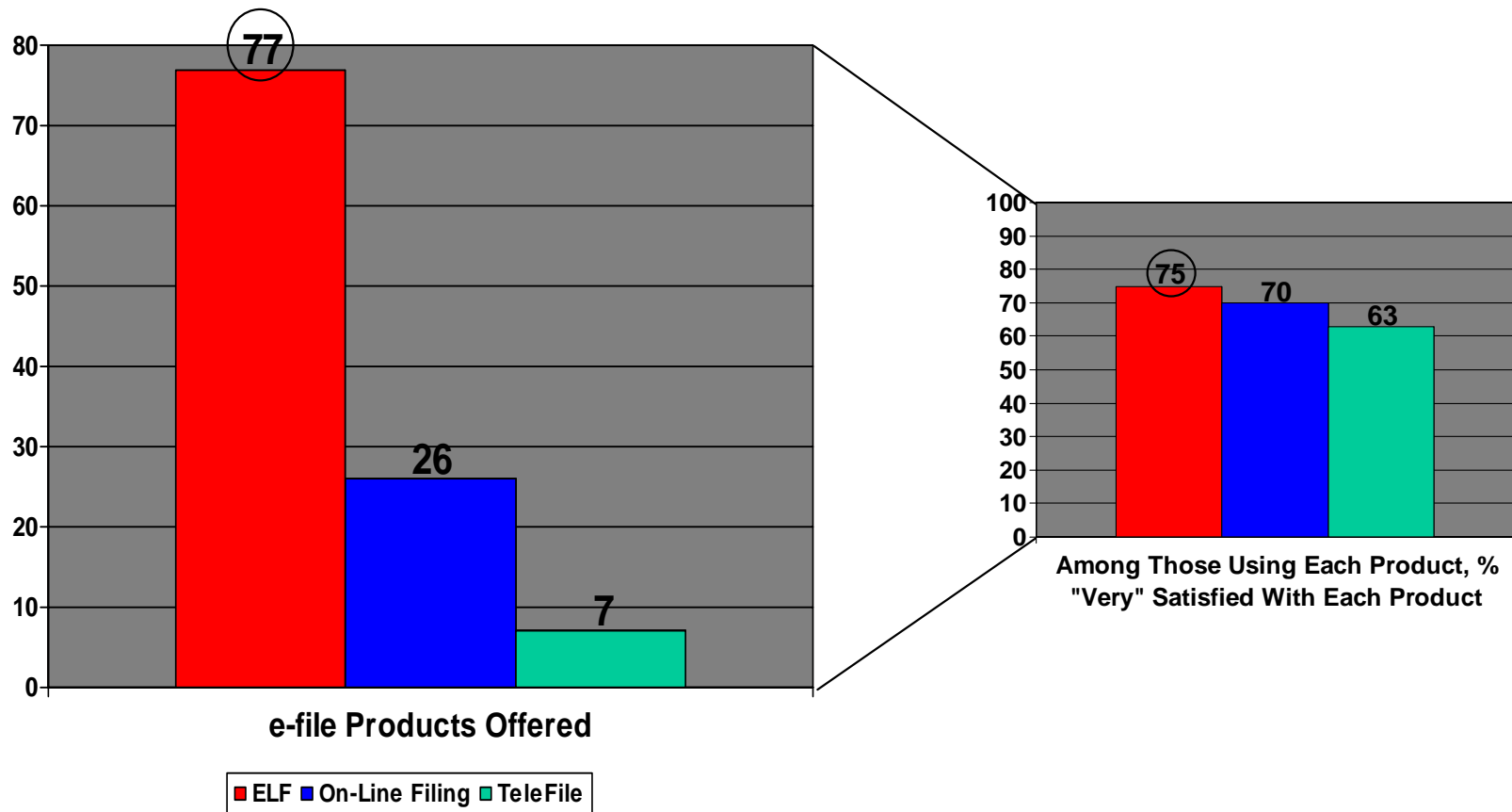
For Users, There Are Clear Advantages To The *e-file* Program

- **When we ask Users what brings them into the *e-file* program vs. what keeps in the program, we see similar responses.** The main motivations are the speed of the process, customer desire for e-file services (which is particularly important in program retention) and a perception that *e-filing* is "the future".

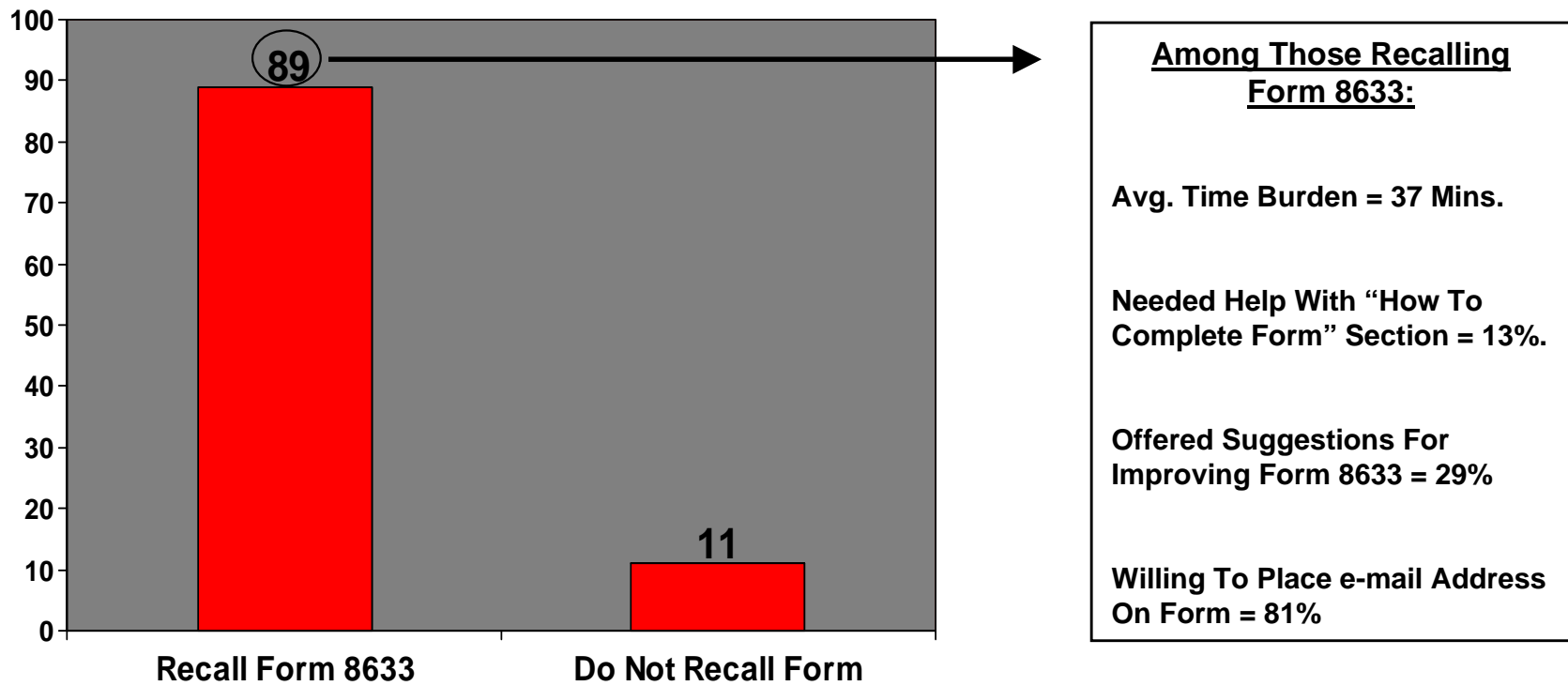|	WHAT BRINGS USERS TO THE *e-file* PROGRAM	WHAT KEEPS USERS IN THE *e-file* PROGRAM
BASE:	501 %	501 %
Leading Mentions:		
Like The Speed Of The Process	**(28)**	**22**
Like The Speed & Accuracy Of The Refunds	**25**	**22**
Customers Are Pleased With The Service	**20**	**(32)**
It's The Future	**20**	**17**
Reduces Paper/Supply Costs/Paperwork w/ Repeat Customers	14	14
To Keep Up With Competition	(14)	9
Like The Accuracy Of The Software	12	10
Provides Good Customer Service	11	13
It's An Easy Way To Stay Organized	11	11

The Product Generating Highest Interest & Satisfaction Is ELF

- Users are **far more likely to offer ELF than the other products**, and **ELF is also the product that they are most likely to be satisfied with** -- presumably they see it as offering them more business potential.

e-file Products Offered

■ ELF ■ On-Line Filing ■ TeleFile

**Among Those Using Each Product, % "Very" Satisfied With Each Product**

Program Diagnostics -- Users Are Satisfied With Form 8633

- 89% of Users recall the form and, among those recalling it, **the length of time for completion was ~37 minutes** -- with **only a few (13%) needing assistance in completing the form** and with **only 29% offering suggestions for improving it** -- none of these being large mentions. **81% if them said they would be willing to place their e-mail address on the form**.

Bar chart:
- Recall Form 8633: **89**
- Do Not Recall Form: **11**

Among Those Recalling Form 8633:

Avg. Time Burden = 37 Mins.

Needed Help With "How To Complete Form" Section = 13%.

Offered Suggestions For Improving Form 8633 = 29%

Willing To Place e-mail Address On Form = 81%

Users Are Also Satisfied With IRS Tracking Of Reject Rates

- The **vast majority of Users** say they are satisfied with this IRS process. Among the small group (of 6%) who were dissatisfied, the main reason was that the IRS "did not specify or pinpoint reasons for rejection".

Users Only

Main Dissatisfaction =
Specify/Pinpoint Reasons For Rejection **(38%)**
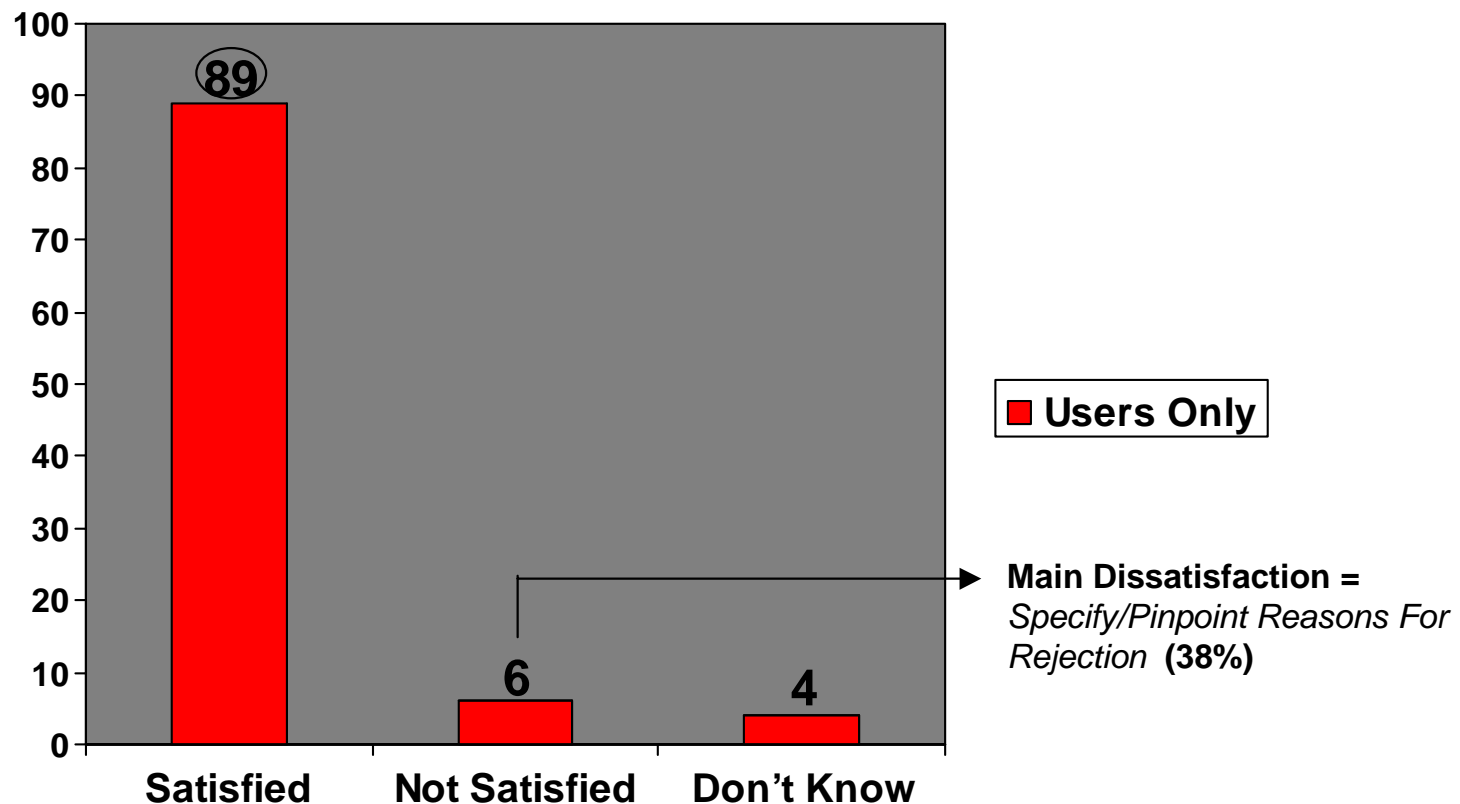
And There Is General Satisfaction With The Suitability Process

- We asked Users about their satisfaction with the suitability process and again found **strong levels of "very satisfied" (70%)** -- with most of the remainder being "somewhat satisfied". Among those less than very satisfied, the main points of dissatisfaction are shown below.
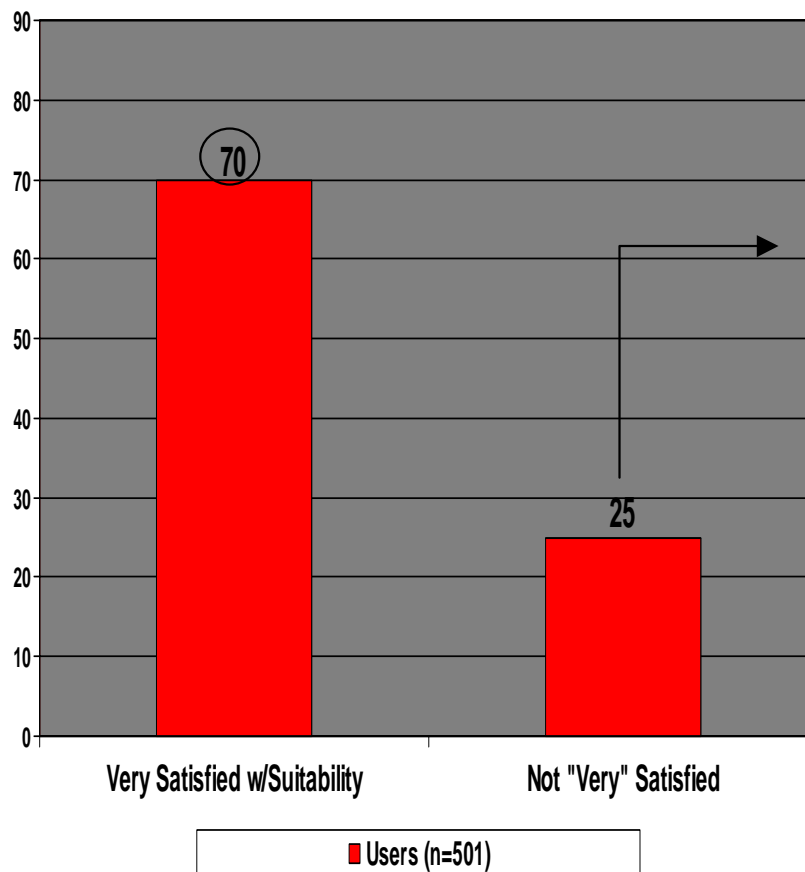
	USERS
BASE: Users Less Than "Very" Satisfied With Suitability Process	127
	%
No Reasons Cited	**9**
Specific Reasons For Lack Of Satisfaction	**91**
Too Time Consuming	**16**
Called Andover Svc Ctr, But No Answer	**12**
Didn't Know EFIN Not Activated Until January Processing Startup	**11**
Knew EFIN Was Activated, But Could Not Transmit	6
Do Not Like The Fingerprint Process	6
Miscellaneous Small Mentions	48
Median # Calls To Andover Service Center = 3	

The IRS Can Make Resolution Of *e-file* Problems Easier

- When Users are given a chance to tell us **what the IRS can do to make it easier for them to resolve problems on *e-file* returns**, 47% have a suggestion -- but with no single suggestion having as much as 10% mention.

	e-file USERS
BASE:	501
	%
Nothing/Fine As It Is/Don't Know Of Anything	**53**
Total Mentioned Some Suggestion	**47**
Do A Better Job Of Explaining Reasons For Rejection	9
Increase The Number Of Coordinators	6
Provide An 800 Number	5
Decrease Phone Response Time	5
Clarify/Simplify Codes	5
Increase/Install More Phone Lines	3
Eliminate or Explain Refund Delays	3
Provide A Local Contact Person	3
Increase The One-On-One Help	3

Why Are Non-Users Not Involved In The *e-file* Program?

- In analyzing results of the "reasons for non-usage" measures, we are left with **a sense that non-usage is due mainly to a lack of interest in *e-filing*…**

    …Stemming perhaps from the smaller volume of business, lack of knowledge of the program, and from the generally lower involvement with the IRS noted earlier.

- Beyond this, there is a **perception among a minority of Non-Users** that *e-file* **costs too much** and **requires too much work** -- perceptions which should be addressed in IRS communications.
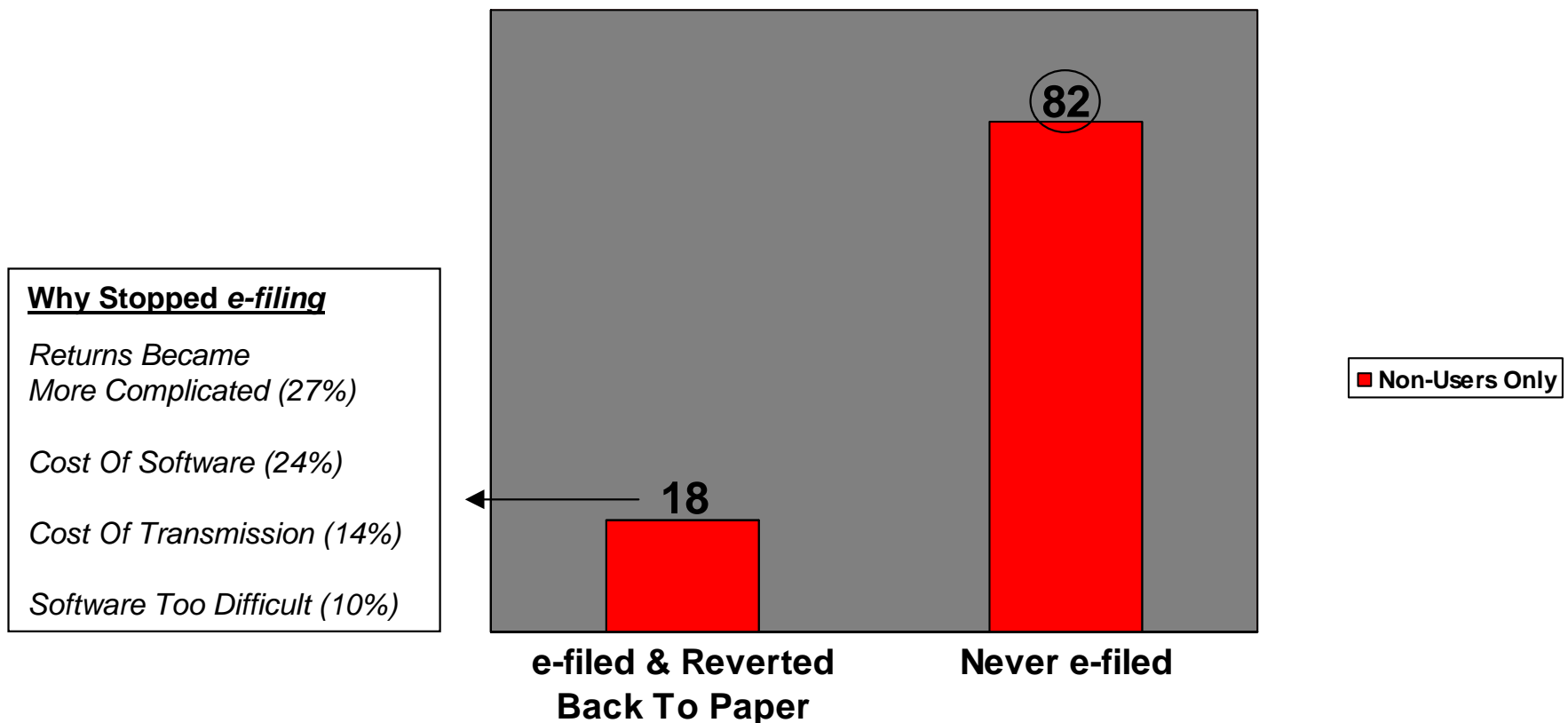
Non-Users Do Not Seem To Have Strong Dislikes Of *e-file*

● **Only about half of them are able to come up with any specific dislike**, with the top mentions (each ~10% or less) related to cost of software and the amount of work involved.

	e-file NON-USERS
BASE:	504
	%
Dislike Something	**51**
The Fees Are Too Expensive	11
Causes Too Much Work	7
It's Too Complicated/Difficult	6
The Software Costs Too Much	6
My Clients Don't Ask For/Want It	6
It's Difficult To Get Started/To Learn How To Do It	4
I Need More Information About It	4
It's Not Suitable For The Type Of Returns I Do	3
It's Not User-Friendly/Full Of Problems	3
The Software Has Problems In It	3
There's Trouble In Transmissions	2
Dislike Nothing/Just Haven't Used It Yet	**49**

Cost & Work Are Also Reasons For Having Stopped *e-filing*

- **Cost** and the **amount of work** are also the primary reasons for having stopped *e-filing* -- among the 18% of Non-Users who have been in the program previously.

Why Stopped *e-filing*

Returns Became More Complicated (27%)

Cost Of Software (24%)

Cost Of Transmission (14%)

Software Too Difficult (10%)

■ **Non-Users Only**

82

18

e-filed & Reverted Back To Paper

Never e-filed

Their Dislikes Of Each Specific *e-file* Product Are Even Lower

- **Only 26% mentioned something they dislike about ELF** (with most of this related to cost). There were **even fewer dislikes of TeleFile** (19%) **and On-Line Filing** (10%). Surprisingly, a substantial portion of those with no dislikes *have not even heard of* these products.

	ELF 504 %	ON-LINE FILING 504 %	TELEFILE 504 %
Dislike Something	**26**	**10**	**19**
Dislike How Much It Costs	14	2	0
There Are Problems In Transmissions	7	0	0
Lack Of Control Over Return/No Receipt	2	0	2
Security Issues/Not Comfortable With It	1	2	1
Just Prefer Old Fashioned Paper Method	1	1	0
Clients Don't Ask For/Want It	1	1	2
The Software Is Not Trustworthy	0	2	0
Not Suitable For My Type Of Clients	0	1	0
It's Too Complicated/Difficult	0	2	3
It's Too Slow/Takes Too Long	0	0	5
Qualification For It Is Too Restrictive	0	0	4
Dislike Nothing/Haven't Used It Yet/Not Familiar With It	**74**	**90**	**81**
Not Familiar With It/Have Never Heard Of It	11	17	8

How IRS Could Increase Non-User Likelihood Of Use Of *e-file*

- Two-thirds of Non-Users say there are steps the IRS could take to increase their likelihood of *e-filing* -- with the other one-third saying there's nothing the IRS can do. The most important of the suggestions is to **reduce the cost** (27% mentions). Other suggestions were to **simplify *e-file*** and **make it more user-friendly** and **provide more training/information** and **provide easier access to *e-file*.**

	TOTAL NON-USERS
BASE:	504
	%
Proportion Who Say IRS Can Do Something	**67**
Reduce The Cost	**27**
Make It Cheap/No Cost	**14**
Provide Free Software	**9**
Reduce The Software Cost	**4**
Simplify e-filing/Make It Easier, More User-Friendly	19
Training/Info/Access	19
Provide Training/Seminars	7
Provide More Information About It	7
Provide Easier Access To It	5
IRS Can Do Nothing To Increase My Likelihood Of Use	**33**

There Is Strong Interest In Incentives, Awards And Services

- However, **Non-User interest rises when the possibility of incentives, awards, and services is introduced** as an inducement to *e-file.* A majority had "definite" interest in eight of the items, with about three-fourths or more interested in four of these.

	TOTAL NON-USERS
BASE:	504
	%
E-Mail For Tax Law Questions	82
Electronic Power Of Attorney	75
Electronic Account Inquiry And Resolution	75
Payment For Correct Returns	70
Access To e-file Management Information	65
IRS Tax Forum Benefits	60
Frequent Filer Points	58
Subsidized Membership In Professional Organizations	56
VIP Conference	44
Recognition In Trade Magazine Paid For By The IRS	42
More Or Fewer Monitoring Visits	35
Certificates Of Appreciation	33
Not Definitely Interested In Any Of These	5

Summary Of Learning
From The Benchmark Wave

Summary Of Learning From *Taxpayers*

1. **Taxpayers using *e-file* report high satisfaction with *e-file* products -- including high satisfaction vs. that of other filing methods.**

2. **This <u>high satisfaction is reflected in high planned repeat use</u> of each product.**

3. **But <u>there is room for improvement</u>.** For all three products, Taxpayers need to be reassured about product *accuracy* and *privacy/security*. In addition, each product has specific areas of possible improvement...

    - **On-Line Filing:** reduce cost, eliminate third parties, and make it simpler/easier.

    - **ELF:** reduce cost -- which may occur naturally as Preparers move to offering the service free as a part of their basic fees (which 46% of EROs say they now do).

    - **TeleFile:** the main suggested improvement is to expand qualification for it.

4. **<u>Product publications, forms, and instructions also need attention</u>.**

5. **<u>IRS needs to continue to emphasize *e-file* strengths</u>** of speed in refund, speed in filing, and being easier/more convenient.

Summary Of Learning From *Taxpayers* (Cont'd.)

6. **Among Non-Users, the main barriers to use** are lack of knowledge/access, followed by cost and trust/privacy/security issues.

7. **Non-Users are skeptical about *e-file*,** *e*ven after hearing the details of *e-filing*.

8. **Non-User skepticism is rooted in some of the same concerns found in "suggestions for improvement" earlier --** *privacy/security*, *cost,* and *lack of ease of use*.

9. **About one-fourth of Non-Users are preparing returns on computer but then mailing them in** -- they are not filing electronically because of the cost, lack of access to the Internet or the right software, and lack of *e-file* saliency.

10. **In other learning from both *e-file* Users and Non-Users…**

   ▪ Use of a paid Preparer is higher among *e-file* Users than Non-Users, but the reasons for use are similar in each group.

   ▪ Household ownership of a PC with a modem and household access to the Internet is about equal among Users and Non-Users.

Summary Of Learning From *Tax Preparers*

1. **While *e-file* Users and Non-Users were both pulled from the Applicants Database, they are dramatically different targets --** with Users being more active Preparers and having far greater involvement with the IRS, and they are demographically younger and less male-skewed.

2. **Users and Non-Users also have very different levels of involvement in the IRS' *e-file* program.** Users, who seem to view *e-file* more as a product, know more about *e-filing* and are more likely to recall the *e-file* Marketing Kit and like it.

3. **When we ask Users what brings them into the *e-file* program vs. what keeps in the program**, we find that the main motivations in each case are the speed of the process, customer desire for e-file services (which is particularly important in program retention) and a perception that *e-filing* is "the future".

4. **The *e-file* product generating the greatest interest among Users is ELF.** ELF is also the product with which they are most satisfied -- presumably they see it as offering them more business potential.

Summary Of Learning From *Tax Preparers* (Cont'd.)

5.   **The *e-file* program diagnostic measures taken among Users show that:**

- Form 8633 is well-recalled and not perceived as onerous.

- Nine of ten Users are satisfied with the IRS Process for Tracking Reject Rates.

- There is general satisfaction with the Suitability Process.

- And there are suggestions for how the IRS can more easily resolve problems.

6.   **In examining why Non-Users are not involved in the IRS' *e-file* program**, we find no overarching dislike of the program or the products but, instead, a pervasive lack of interest -- due perhaps to their smaller volume of business, lack of knowledge of the program, and lower involvement with the IRS. In addition, there is a perception among a minority that *e-file* costs too much and requires too much work.

7.   **Finally, when we ask Non-Users what the IRS can do to increase their likelihood of using *e-file***, 67% of Non-Users make suggestions related mainly to reducing costs, making it easier/more user-friendly, and providing more training and access to the program. There is strong interest in many of the incentives, awards, and services we asked about.